Peter J. Richardson ISB No. 3195
Gregory M. Adams ISB No. 7454
Richardson Adams, PLLC
515 N. 27th Street
P.O. Box 7218
Boise, Idaho 83702
Telephone: (208) 938-7901 Tel
Fax: (208) 938-7904 Fax
peter@richardsonadams.com
Attorneys for the Industrial Customers of Idaho Power

BEFORE THE

IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF IDAHO POWER COMPANY FOR A DETERMINATION OF 2013 DEMAND-SIDE MANAGEMENT ("DSM") EXPENSES AS PRUDENTLY INCURRED	CASE NO. IPC-E-14-04 COMMENTS OF THE INDUSTRIAL CUSTOMERS OF IDAHO POWER

COMES NOW, The Industrial Customers of Idaho Power, ("ICIP") and pursuant to Rule 203 of the Rules of Procedure of the Idaho Public Utilities Commission (the "Commission") and the Commission's Notice of Application and Notice of Modified Procedure issued on April 30, 2014, and provides the following Comments.

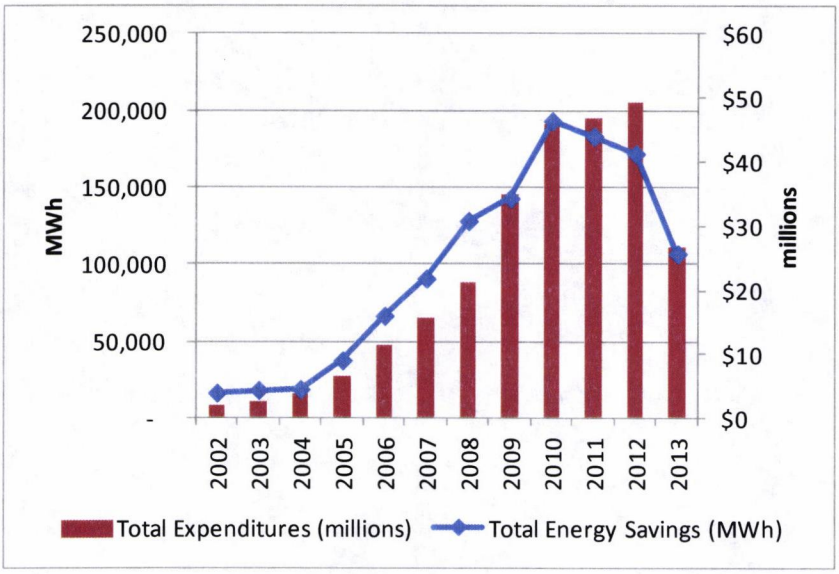
Idaho power Company ("Idaho Power" or the "Company') seeks approval for designating Idaho Power's expenditures of $21,748,331 of Idaho Energy Efficiency Rider ("Rider") funds and $4,203,155 of demand response ("DR") program incentives included in the 2014 Power Cost Adjustment ("PCA"), for a total of $25,951,486, as prudently incurred demand-side management ("DSM") espenses. These expenses are pursuant to reporting requirements included in Commission Order No. 29419 and in accordance with agreed upon

guidelines set forth in the Memorandum of Understanding for Prudency Determination of DSM Expenditures ("MOU").

Idaho Power DSM Programs and Expenditures

Chart One below depicts the Company's conservation expenses and savings since 2002.

CHART ONE[1]



As can be seen in the above Chart One, both DSM savings and expenditures have fallen precipitously since 2010. Expenses have fallen by 41% or $19 million, and MWh savings have fallen by 45% or 86,000 MWh. While total expenses and savings have fallen, the cost per MWh for savings has actually increased by six percentage points since 2010.

//

//

[1] Source: Idaho Power, DSM 2013 Annual Report, pages 5 – 6; Fig. 1-4.

CHART TWO[2]

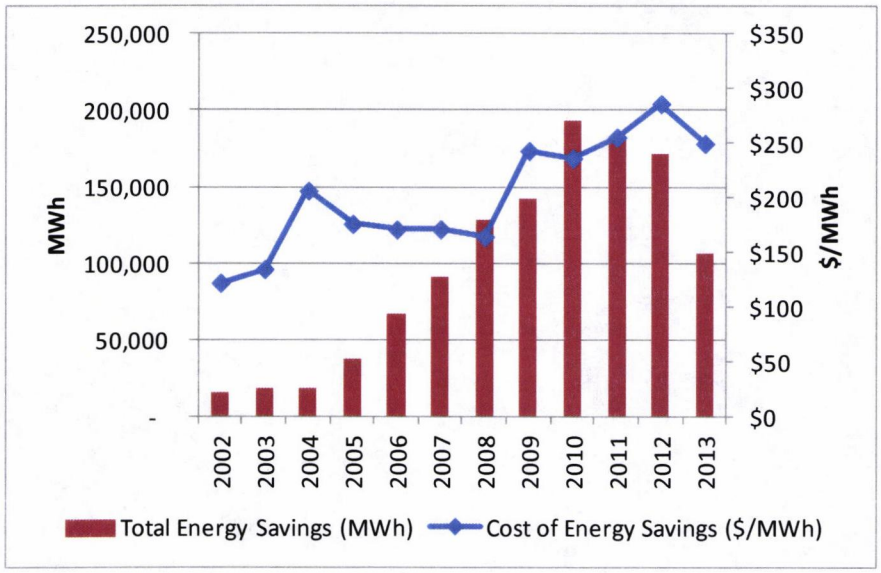


Chart Two, above, indicates that although the Company's programs have matured over the years, they are losing some of their effectiveness. This pattern of declining effectiveness may be unsurprising in light of technical improvements and market transformation. Nevertheless, this declining effectiveness requires the Company to critically examine all of their programs with an eye toward phasing out the less cost effective ones.

Commercial and Industrial Programs Provide Higher Savings at the Lowest Cost per KWh

Table One below shows that for 2013, Idaho Power's commercial and industrial programs provided three times the savings as the residential and irrigation sectors, and did so at lower costs per KWh.

//

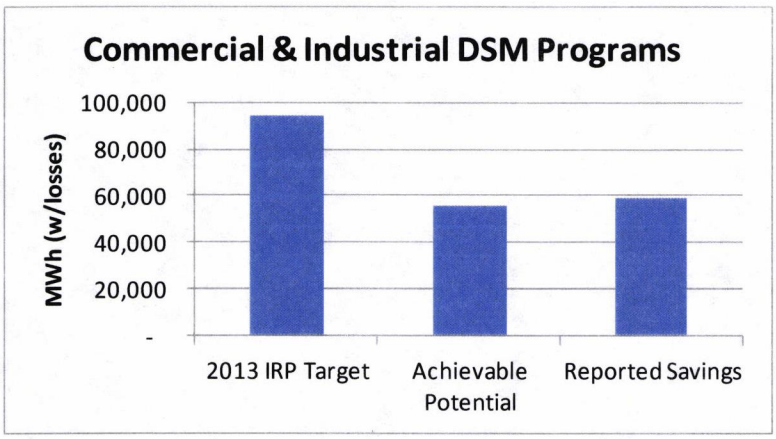
[2] Source: Idaho Power, DSM 2013 Annual Report pages 5 – 6; Fig. 1-4.

TABLE ONE[3]

	MWh Savings	Expenditures	Costs / MWh
Residential	18,859	$5,670,345	$300.67
C&I	59,244	$9,756,956	$164.69
Irrigation	20,529	$3,886,068	$189.30

The MWh savings for the commercial and industrial programs exceeded what the Company considered their 'achievable potential.'

CHART THREE



The ICIP appreciates Idaho Power's efforts in providing cost effective programs for the commercial and industrial classes. As the Company looks to improve the overall cost effectiveness of its energy efficiency and conservation programs these two classes should be targeted for additional efforts to build on what are obviously successful programs.

Note that actual reported savings are higher than the Company's estimate of achievable potential savings, and both reported and achievable savings are significantly below the 2013 IRP Target. Achievable potential MWh savings for Idaho Power's programs were developed by

[3] Nemnich, Exhibit No. 1; Staff DR Nos. 9, 10.

EnerNOC.[4] The estimates of achievable potential take into account market maturity, customer preferences for energy-efficient technologies and expected program participation. EnerNOC looked at Idaho Power's past DSM savings over the last five years and incorporated ramp rates taken from the Power and Conservation Council's (NWPCC) sixth plan. The Company's 2013 Target estimates were developed by Idaho Power.

Actual commercial and industrial savings were only six percent higher than EnerNOC's estimate of achievable savings; however the 2013 Target was nearly 60% higher than reported savings. Going forward the Company should re-evaluate its IRP Target and achievable savings to better align with what the programs are actually saving.

EPA's Section 111d Rule's Impact on Idaho

On June 2, 2014, the Environmental Protection Agency ("EPA") proposed the Clean Power Plan to cut carbon emissions from existing power plants. EPA's proposed new rules pursuant to Section 111d of the Clean Air Act[5] specifically target greenhouse gas emissions from existing electric power plants. The proposed emission reduction goals in EPA's analysis are based on the Energy Information Agency's (EIA) 2012 electric power profile for each state. The carbon dioxide (CO2) emissions from each states' power plants form the basis for the targeted reductions. This approach has led to significantly different carbon generation footprints among the various states that must be mitigated.

For example, of the 49 affected states (Vermont has no fossil-fueled power plants), Idaho has the lowest carbon footprint at 339 pounds of CO2 per net MWh. The final goal for Idaho is to reduce the 339 figure down to 228 pounds of CO2 per MWh. Idaho's relatively low carbon footprint is due largely to the fact that there are no coal-fired power plants in Idaho. The only

[4] Idaho Power Energy Efficiency Potential Study, EnerNOC Utility Solutions, Jan. 2013.
[5] 42 U.S.C. § 7411.

fossil-fueled power plants covered by the new EPA rules are the Rathdrum plant in North Idaho and the Langley Gulch plant in Southern Idaho.

There will obviously be changes to the proposed rules, but it is reasonable to assume the contours of the EPA plan will largely be intact at the end of the day. Two of the four ' building blocks' contained in EPA's proposed rule to meet the 2030 targets applicable to Idaho include adding generation from renewable sources and increasing demand-side energy efficiency.

The starting point for EPA's calculation of Idaho's carbon intensity is 858 lbs of CO2 per MWh.[6] This base number of 858 was then reduced to account for the output of renewable energy, which according to the EPA accounts for 16% of Idaho's generation, thus dropping the 858 pounds per MWh to 339 pounds per MWh.

EPA's energy efficiency targets are based on each state's retail sales. Idaho Power's retail sales make up approximately one-half of the state's total. This means that Idaho Power's conservation programs will play a significant role in the state's ability to meet EPA's final targets. In order for Idaho to meet the eventual targets will that will be implemented, it will be important for Idaho Power to be implementing programs that increase DSM savings and reverse the precipitous decline Idaho Power has experienced since 2010.

In addition, EPA is encouraging states to examine a regional approach under which states could trade or sell savings credits. For example, the state with the highest emissions in the nation is Montana with 2,246 pounds of CO2 per MWh. Idaho has the lowest emissions per MWh in the nation. If Idaho exceeds its target emissions goal, it could sell those credits in a move to help keep our electric rates lower than they otherwise would be.

---

[6] EPA used 2012 data to calculate this number. Langley Gulch only operated for half of that year. It is unknown at this time whether EPA will adjust the data to assume a full year's of operation at Langley. It is does so, then obviously these figure s will also have to be adjusted.

Conclusion

The ICIP appreciates the opportunity to comment on Idaho Power's request for a prudency determination. The ICIP respectfully requests that the Commission require Idaho Power to take corrective measures to reverse the downward trend in energy efficiency achievement.

Dated this 29th day of July 2014.

RICHARDSON ADAMS, LLC

By _____
Peter J. Richardson
Attorneys for the Industrial
Customers of Idaho Power

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on the 29th day of July, 2014, a true and correct copy of the within and foregoing COMMENTS OF THE INDUSTRIAL CUSTOMERS OF IDAHO POWER in Docket No. IPC-E-14-04 was served by the method indicated to:

Julia Hilton [electronic delivery]
Corporate Counsel
Idaho Power Company
1221 West Idaho Street
Boise, Idaho 83707-0070
jhilton@idahopower.com

Jean Jewell [hand delivery]
Commission Secretary
Idaho Public Utilities Commission
472 West Washington
Boise, Idaho 83702

Ben Otto [electronic delivery
Idaho Conservation League
710 N. 6th Street
Boise, Idaho 83702
botto@idahoconservation.org

by Peter Richardson

Nina Curtis
Administrative Assistant